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C O N F I D E N T I A L SECTION 01 OF 03 TIRANA 000770

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SUBJECT: SCENESETTER FOR EUR DAS STUART JONES' VISIT TO
TIRANA

Classified By: Ambassador John L. Withers, reasons 1.4 (b) and (d)

¶1. (U) Embassy Tirana warmly welcomes your visit to Tirana, a city you will find unrecognizable since your last visit to Albania 14 years ago.

¶2. (C) Your visit comes at a time of growing uncertainty for the Albanian public and especially for Albania's political class. Although the past year and a half - a period bookended by President Bush's visit to Albania and U.S. ratification of Albania's NATO invitation - has been repeatedly hailed by the GOA as confirmation of Albania's emergence into the Euroatlantic community, the visit and invitation are now yesterday's news. Increasingly, Albanians are focusing on next year's parliamentary elections as well as trying to gauge (and manage to their own advantage) the fallout from the nearly-completed investigations into the Gerdec explosion and into alleged corruption involving the Durres-Kukes road project.

Although still firmly in charge of both his Democratic Party (DP) and government, Prime Minister Sali Berisha faces growing discontent within the DP as potential successors maneuver for position. Under growing pressure from the investigations, Berisha has become increasingly erratic in recent months, lashing out at the Prosecutor General's Office and judiciary in an attempt to limit political and potentially criminal damage to himself, his family and his allies. Although still largely untouched by the world financial crisis, many feel it is only a matter of time before Albania too feels the pinch.

¶3. (C) During your bilateral meetings you will have the opportunity to deliver the message straight from Washington that ongoing government attempts to intimidate prosecutors, control the judiciary, and take greater control over the country's intelligence services as well as the free media, are unacceptable. Such actions not only threaten Albania's NATO aspirations, but also risk doing long-term damage to the bilateral relationship. You should also urge the PM, President, FM and Defense Minister to accelerate efforts to clean up Albania's massive, aging and extremely dangerous stocks of communist-era munitions. Berisha and FM Basha will spare no effort in using your visit to prove to Albanians that all is well with the bilateral relationship. Your public and private comments will need to be carefully calibrated to show in no uncertain terms that although we remain Albania's committed friend and ally, we will not stand by silently as the GOA tries to roll back hard-won democratic reforms.

BERISHA: STILL ALBANIA'S "INDISPENSIBLE POLITICIAN"

14. (C) The key meeting during your visit will be your bilat with Prime Minister Berisha. Although many in Berisha's own party increasingly see him as a political liability, he remains firmly in control of both the party and the Albanian government. A hard worker and micromanager, no important decision within the government is made without his approval. We have every reason to believe that recent attempts to seize files from the Prosecutor General's Office and threaten prosecutors with arrest were approved by Berisha himself. As the Gerdec investigation nears completion, it appears increasingly likely that Berisha's son could be implicated - an outcome that would be politically devastating to Berisha and have potential criminal consequences for his son Shkelzen. Fear of this outcome is what is likely driving Berisha's increasingly anti-democratic behavior - behavior that will likely only intensify as the investigation continues. Berisha will need to hear from you in the most direct terms that his ongoing attempts to undermine independent institutions are unacceptable, and that we will not stand aside and allow him to damage Albania's vibrant, yet still fragile democracy. Berisha must also hear the message that next year's elections will be a key indicator of how serious Albania is about democracy, and that even a technically botched election will be seen not as a simple technical problem but as a lack of political will and seriousness about democratic norms.

EDI RAMA: ALBANIA'S NEXT PM?

15. (C) Your meeting with Tirana Mayor Edi Rama will give

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you an opportunity to meet the man who could be Albania's next Prime Minister. Over the past two years Rama has worked hard to boost his and his party's image across the country, in hopes of winning next year's parliamentary elections. Rama and his Socialist Party have been enthusiastic supporters of Albania's NATO aspirations and of a strong relationship with the U.S. However, many within Rama's own party are growing impatient with Rama's seeming reluctance to aggressively confront Berisha over Gerdec. Instead, Rama has stressed repeatedly that the SP must work to defeat Berisha and the DP through elections, and Rama has opposed using street demonstrations or a no-confidence motion in Parliament to pressure Berisha. You should stress with Rama the absolute importance of rapid passage of an electoral code so that Albania can avoid the last minute scramble that has plagued previous elections, as well as his party's role in ensuring good elections next year.

PRESIDENT TOPI: WAITING IN THE WINGS?

16. (C) Although a member of Berisha's Democratic Party and nominated by Berisha for the post of President (the Albanian President is selected by the Parliament, requiring a 2/3 majority vote), Topi's dislike for Berisha is palpable. The two remain fierce political rivals, and have butted heads repeatedly in recent months. Topi is the Prosecutor General's main political patron and he has worked to defend the PG's independence against Berisha's attacks. Although many within the DP and opposition see Topi as the only person within the DP with the gravitas and unifying presence to replace Berisha at the head of the party, Topi's supporters within the DP are relatively weak and disorganized.

DEFMIN OKETA: THANKS FOR YOUR SUPPORT, GET MOVING ON DEMIL

17. (C) Our military-to-military relationship remains outstanding. Albania contributes 215 troops in Iraq, plus 140 to ISAF in Afghanistan. As coalition partners prepare to

leave Iraq at the end of this year, we are working to possibly re-hat Albanian forces to provide security for UNAMI, contingent upon ongoing negotiations with the UN and the Government of Iraq. Domestically, the Ministry of Defense has undertaken commendable efforts to modernize and reform its military. However, the armed forces are still suffering from the aftermath of the March 15 Gerdec explosion. The fallout from the tragedy included the sacking of the Defense Minister as well as most of the top flag officers of the military, resulting in a risk-averse general staff. Consequently, although our Office of Defense Cooperation has close ties and unprecedented access, reform has dragged. This is especially true of efforts to eliminate 100,000 tons of excess, corroding munitions inherited from its communist past which pose a potentially deadly threat to the civilian population. Although ODC helped the Minister develop a national demilitarization plan early this year, to date no significant demilitarization has taken place. DefMin Oketa is soft-spoken and well-respected. While you can commend him on the vast reforms the Ministry has already undertaken, you should urge him to continue and increase these efforts. He should hear from you the critical need for Albania to accelerate demilitarization efforts. We are ready to help in any way we can and are currently exploring additional assistance through EUCOM, but Albania needs to show its commitment to tackling this problem by moving forward with its demilitarization plan.

THE ECONOMY: FIRING ON ALL CYLINDERS, BUT FOR HOW LONG?

18. (C) The Albanian economy continues to hum along at a strong clip, with GDP growth of over 5 percent for the past five years. Although still listed as the second poorest country in Europe, Albania's days as an economic basket case are long past. Nevertheless, Albania remains dangerously dependent upon remittances from abroad to offset its huge trade deficit, and many fear that the construction sector - the largest single sector of the economy in terms of GDP - is a bubble waiting to burst. Foreign investment is very weak, primarily due to concerns over corruption, property titling, bureaucratic incompetence, and lack of commercial/administrative courts. The country remains highly dependent on Italy

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and Greece for both exports and imports, and Greek and Italian banks dominate the banking sector. Although Albania has been largely untouched so far by the global financial crisis, recent weeks have seen increased withdrawals from banks by cautious depositors. You should stress to your interlocutors the need for contingency planning on the part of the GOA - something the Central Bank has begun but the Finance and Economy Ministries have not.

WITHERS